State of Utah

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

Department of Workforce Services

KRISTEN COX
Executive Director

CHRISTOPHER W. LOVE
Deputy Director

GREGORY B. GARDNER
Deputy Director

For 9:00 a.m. Release
September 16, 2008
Contact: Mark Knold 801-526-9458
Austin Sargent 801-526-9464

UTAH'S EMPLOYMENT SITUATION: AUGUST 2008

Utah Labor Market Indicators
August 2008

Employment Change: 0.3%
Employment Increase: 3,260
Unemployment Rate: 3.7%

United States

Employment Change: -0.3%
Unemployment Rate: 6.1%

Utah's nonfarm wage and salaried job growth for August 2008, as compared against August 2007, is estimated at 0.3 percent. This marks Utah's lowest monthly employment growth rate since August 2003. July's employment growth rate has been revised down two-tenths to 0.4 percent. Approximately 3,260 new jobs have been created in the Utah economy over the past year, raising total wage and salary employment to 1,256,960.

Utah's other primary indicator of current labor market conditions, the seasonally adjusted unemployment rate, jumped to 3.7 percent in August. July's rate remained at 3.5 percent. Last August, the state's rate was 2.8 percent. Approximately 50,600 Utahns were considered unemployed in August, compared against 37,800 last August. The United States unemployment rate rose four-tenths to 6.1 percent.

Mark Knold, chief economist for the Department of Workforce Services, commented, "There are powerful negative external (outside the state) economic pressures that are weighing upon the Utah economy. The most influential is the nation's credit crisis and how it has permeated the housing industry (or should we say the housing market has permeated the credit market?). Either way, the Utah home-building market has basically gone dormant, with significant construction job losses the net result. Until this housing/credit disorder comes back in line—nationwide and in Utah—the negative economic pressures will remain. Its correction does not appear close at hand, and even when it comes, it may be a slow process. In other words, it appears the economics will continue to worsen before they get better. Therefore, Utah is about to enter a contracting employment environment, meaning net job losses for a state that rarely sees such an event. This employment contraction could easily remain with us over the course of the next year."

Several Utah industries are now showing year-over losses on the employment ledger. Construction stands out with the loss of 14,400 jobs over the past year. This highlights the construction industry's fallout from the national credit crisis that originated within the nation's housing industry. Since a credit crisis exists, then naturally the financial industry should be negatively impacted, and declining employment numbers reflect that. The financial sector is recording the loss of 1,100 jobs over the past year, and those losses may increase as the year progresses.

Utah's manufacturing industry has also moved to the negative side of the ledger. Manufacturing—largely an export industry— is one of the primary venues through which the overall negative condition of the United States economy permeates Utah. High costs of transportation and materials, along with slowing consumer demand, coupled with the lack of a strong international export base among Utah's manufacturers, all combine to dampen Utah's manufacturing base. Although manufacturing is slowing across the state, much of the slowing is concentrated in the manufacturing region from Davis County northward.

The main Utah employment story of the past four years was how much construction was booming, and how much it was adding to the Utah employment picture. Construction remains at the forefront of the news, but now for the opposite reason. What was booming has now gone bust. The outlook for a turnaround seems far off—a year away at best. Residential construction is way off this year, with only a tepid prospect for a rebound next year. Then add to that Utah's nonresidential construction environment, which by then, will be responding to the economic slowdown. That pushes even more construction workers toward the unemployment line.

If you were a Utah county that experienced a housing boom, then you are currently a Utah county with a housing bust. Because of that, there is a difference in terms of how the individual Utah counties are currently faring. There is almost a rural vs. metro economic performance dichotomy developing in the Utah economy. Rural economies, which didn't see much in the way of a housing boom, are still holding up well. Conversely, metropolitan counties where the housing boom resided are stumbling and in many cases already on the negative side of the employment ledger. These include Davis, Utah, Washington, Tooele, Morgan, Wasatch, and Iron counties (Salt Lake isn't far behind). Those counties include large proportions of the state's jobs, so the sluggish metro counties dominate the overall state numbers, whereas the still-prosperous rural county performances tend to get overlooked.

The financial sector is being pulled down by the national credit situation, and there are many analysts who feel there is much more to yet be played out and resolved in this credit atmosphere. Therefore, Utah's current downward movement in finance-related jobs will probably deepen. A sluggish housing market, along with banks and other lending institutions that are either struggling to keep their portfolios afloat or just being cautious about to whom and how much to lend, all point toward an industry that should further scale back employment.

Are there any industries currently performing well, yet are vulnerable to eventually being added to the declining industries list? Trade and the professional and business services industries would probably qualify here. Trade (which includes wholesale and retail trade) becomes vulnerable the longer the consumer remains stressed and the housing stock does not expand. Trade is an industry living directly off consumer spending. That part needs little explanation. But the housing stock, which expands with household formations, largely dictates the size to which the retail trade industry can grow. If the housing stock is not expanding, then it's hard to envision dynamic growth in the trade industry going forward. Households are still forming in Utah, but they don't seem to be going into houses. Getting into houses spurs appliance, furniture, home and garden, and other domestic sales. With new home building stagnant, one would expect these types of housing-related consumer purchases to stagnate also.

The professional and business services industry is also vulnerable to slowing through the temporary help or employment agencies. A slowing economy means a diminishing need for this type of service. In fact, contracting employment via this hiring mechanism is how companies get leaner and respond to slowing markets.

*** Utah's August seasonally-adjusted unemployment rates by county are scheduled for release on Monday, September 22, 2008.** **http://jobs.utah.gov/opencms/wi/pubs/une/season.pdf**

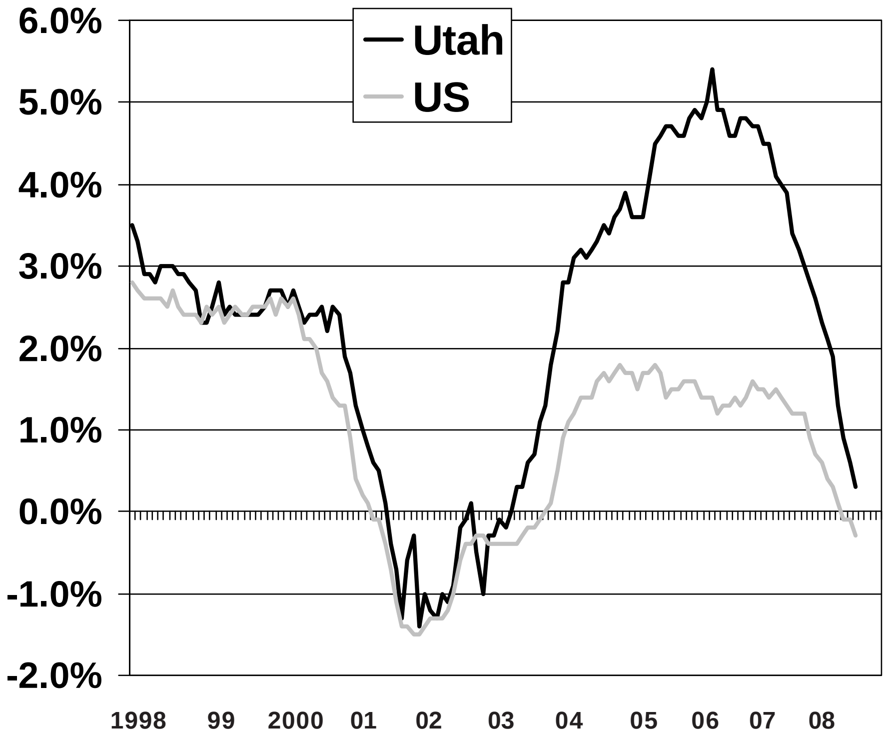
*** Utah's September employment numbers will be released at 9:00 a.m. on Tuesday, October 14, 2008.**

Utah Nonagricultural Jobs by Industry and Components of the Labor Force

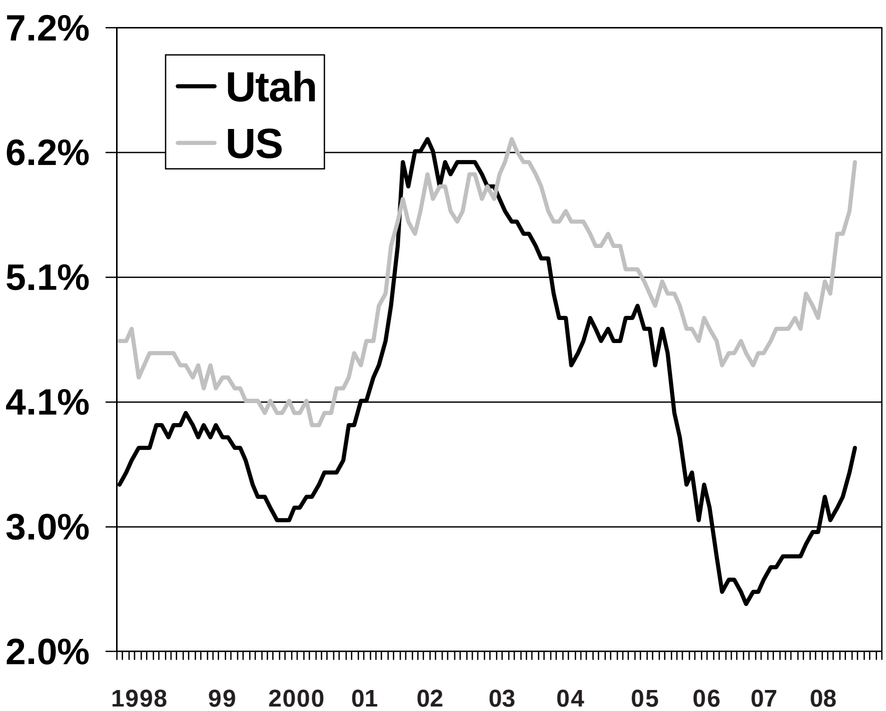
Numbers are in thousands	August(f) 2008	August 2007	Percentage Change	July(r) 2008	July 2007	Percentage Change
CIVILIAN LABOR FORCE (seasonally-adjusted)	**1,383.6**	**1,368.5**	**1.1**	**1,385.6**	**1,364.3**	**1.6**
Employed	1,333.0	1,330.7	0.2	1,336.6	1,327.3	0.7
Unemployed	50.6	37.8	33.9	49.0	37.0	32.4
Unemployment Rate	3.7	2.8		3.5	2.7	
NONAGRICULTURAL EMPLOYMENT (Thousands)	**1,257.0**	**1,253.7**	**0.3**	**1,248.4**	**1,243.0**	**0.4**
Not seasonally-adjusted						
GOODS PRODUCING	**235.0**	**249.5**	**-5.8**	**234.6**	**247.9**	**-5.3**
Natural Resources, and Mining	**11.8**	**11.4**	**4.0**	**11.8**	**11.3**	**4.4**
Construction	**95.2**	**109.6**	**-13.2**	**94.6**	**108.3**	**-12.6**
Construction of Buildings	19.6	23.4	-16.1	19.5	23.2	-15.8
Heavy and Civil Engineering	11.7	12.7	-8.0	11.3	12.1	
Specialty Trade Contractors	63.9	73.5	-13.1	63.8	72.9	-12.5
Manufacturing	**128.0**	**128.6**	**-0.4**	**128.2**	**128.3**	**-0.1**
Durable Goods	**86.5**	**87.9**	**-1.6**	**86.8**	**87.9**	**-1.2**
Primary and Fabricated Metals	16.7	16.5	1.1	16.6	16.4	1.2
Computer and Electronic Products	13.3	12.9	3.6	13.2	12.7	4.0
Transportation and Equipment Manufacturing	14.1	14.5	-2.6	14.2	14.8	-3.8
Non-Durable Goods	**41.5**	**40.7**	**2.1**	**41.4**	**40.5**	**2.4**
SERVICES PROVIDING	**1,021.9**	**1,004.2**	**1.8**	**1,013.8**	**994.9**	**1.9**
Trade, Transportation, and Utilities	**250.7**	**246.8**	**1.6**	**248.9**	**245.1**	**1.6**
Wholesale Trade	**49.0**	**47.8**	**2.5**	**48.8**	**47.5**	**2.8**
Retail Trade	**150.4**	**148.6**	**1.3**	**149.6**	**147.3**	**1.5**
Motor Vehicle and Parts Dealers	19.5	19.1	2.1	19.4	19.1	1.4
Food and Beverage Stores	25.0	24.0	4.6	24.5	23.7	3.3
General Merchandise Stores	28.1	27.7	1.4	27.7	27.4	0.9
Transportation and Utilities	**50.7**	**50.5**	**0.4**	**50.6**	**50.3**	**0.5**
Utilities	4.2	4.1	2.1	4.2	4.2	1.8
Transportation & Warehousing	46.5	46.3	0.2	46.4	46.2	0.4
Air Transportation	7.2	7.0	1.8	7.2	7.1	1.7
Truck Transportation	19.3	19.2	0.3	19.2	19.2	0.4
Information	**32.5**	**32.9**	**-1.2**	**32.4**	**32.6**	**-0.6**
Publishing Industries	10.2	10.0	2.1	10.1	9.9	1.9
Motion Picture and Sound Recording	4.6	4.5	2.4	4.4	4.3	1.0
Telecommunications	6.2	7.2	-14.5	6.3	7.4	-14.6
Internet Service Providers	5.4	5.0	7.9	5.2	4.9	6.3
Financial Activities	**73.9**	**75.0**	**-1.6**	**74.1**	**75.1**	**-1.3**
Finance and Insurance	55.7	56.4	-1.1	56.0	56.5	-1.0
Real Estate and Rental and Leasing	18.1	18.7	-3.0	18.1	18.5	-2.0
Professional and Business Services	**166.1**	**163.8**	**1.4**	**165.0**	**162.6**	**1.5**
Professional, Scientific, and Technical Services	69.1	65.4	5.7	68.6	64.9	5.7
Architectural, Engineering, and Related	14.2	13.7	3.3	14.3	13.7	4.7
Computer Systems Design and Related	16.2	14.8	9.5	16.1	14.7	9.4
Management of Companies and Enterprises	20.9	20.7	0.7	20.9	20.7	1.1
Administration & Support & Waste Management & Remediation	76.1	77.7	-2.1	75.5	77.0	-1.9
Employment Services	21.9	24.4	-10.2	21.7	23.9	-9.1
Business Support Services	16.0	15.8	1.4	15.7	15.8	-0.9
Education and Health Services	**144.1**	**137.4**	**4.8**	**142.1**	**135.5**	**4.9**
Educational Services	28.3	27.7	2.2	27.6	27.1	1.8
Health Services and Social Assistance	115.8	109.7	5.5	114.5	108.4	5.6
Ambulatory Health Care Services	47.0	44.3	6.1	46.3	43.5	6.3
Hospitals	31.3	29.7	5.3	31.3	29.6	5.6
Nursing and Residential Care Facilities	21.7	20.6	5.2	21.4	20.4	4.9
Social Assistance	15.8	15.1	4.6	15.5	14.9	4.5
Leisure and Hospitality	**118.0**	**115.5**	**2.2**	**118.0**	**115.4**	**2.2**
Arts, Entertainment, and Recreation	18.8	18.5	1.5	19.7	19.0	3.5
Accommodation and Food Services	99.2	97.0	2.3	98.3	96.4	2.0
Accommodation	19.3	18.4	4.8	18.9	18.4	2.8
Food Services and Drinking Places	79.9	78.6	1.7	79.4	78.0	1.8
Other Services	**37.0**	**36.7**	**1.0**	**36.9**	**36.5**	**1.2**
Government	**200.3**	**196.0**	**2.2**	**196.4**	**192.3**	**2.1**
Federal Government	**35.9**	**36.0**	**-0.1**	**36.1**	**36.3**	**-0.4**
Federal Defense	15.8	16.1	-2.3	15.8	16.2	-2.3
Other Federal Government	20.2	19.8	1.7	20.3	20.1	1.1
State Government	**61.5**	**60.4**	**1.7**	**60.6**	**59.6**	**1.7**
State Schools	32.9	32.3	1.8	32.0	31.5	1.8
Other State Government	28.6	28.1	1.6	28.6	28.1	1.5
Local Government	**102.9**	**99.6**	**3.3**	**99.6**	**96.4**	**3.3**
Local Education	52.5	51.0	2.9	49.4	48.1	2.9
Other Local Government	50.4	48.5	3.8	50.2	48.4	3.8

Source: Utah Department of Workforce Services   f = forecast r = revised   September 16, 2008

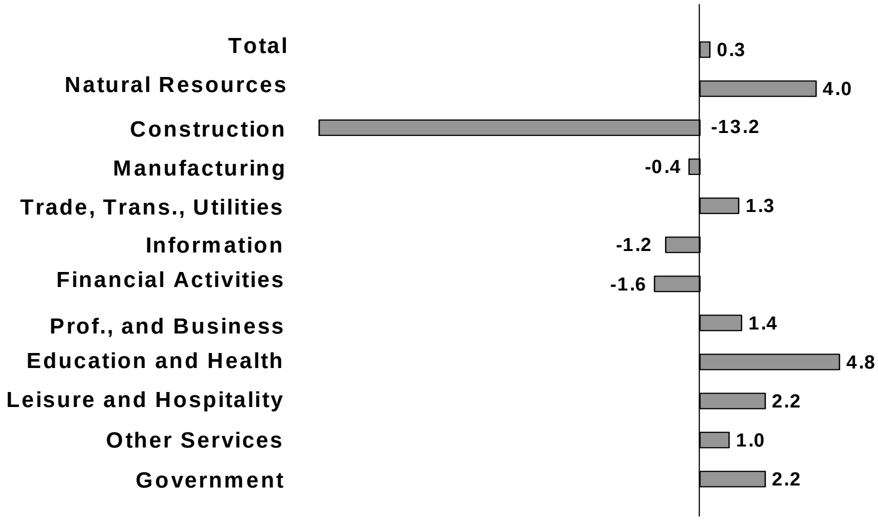
Year-Over Percent Change in Nonfarm Jobs



Seasonally Adjusted Unemployment Rates

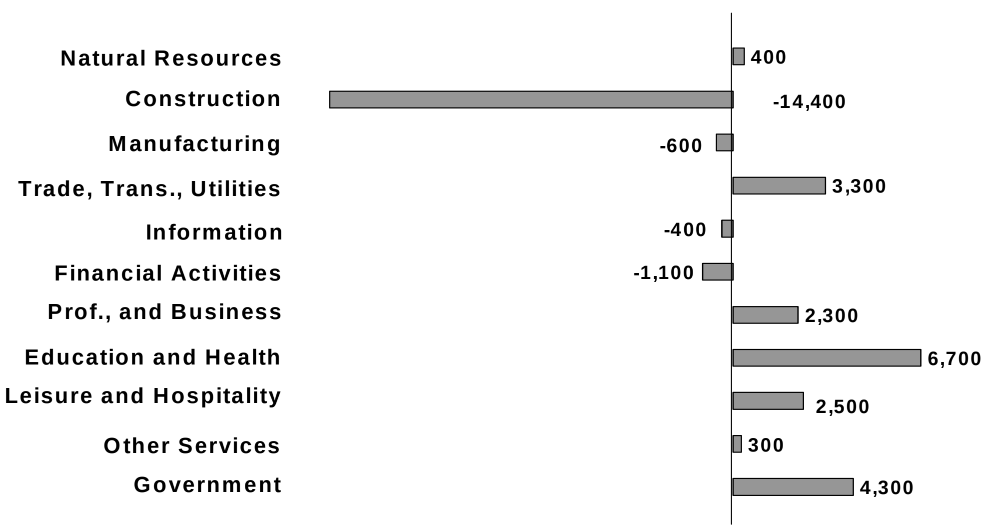


Utah Nonfarm Industry Profile (Percent Change)
August 2007 – 2008



Source: Utah Department of Workforce Services

Utah Nonfarm Industry Profile (Numeric Change)
August 2007 – 2008



Source: Utah Department of Workforce Services

NONFARM EMPLOYMENT IN UTAH'S COUNTIES

	August 2008(f)	August 2007	Percent Change	July 2008(r)	June 2008(r)
State Total	1,256,960	1,253,917	0.2	1,248,408	1,271,798
Bear River	70,603	69,652	1.4	69,765	73,303
Box Elder	20,634	20,224	2.0	20,756	21,460
Cache	49,000	48,484	1.1	48,050	50,900
Rich	969	944	2.7	960	943
Wasatch Front	827,819	824,204	0.4	823,365	833,085
North	203,341	203,262	0.0	203,327	206,399
Davis	104,627	104,712	-0.1	104,425	106,270
Morgan	1,981	2,045	-3.1	1,951	1,983
Weber	96,733	96,505	0.2	96,951	98,146
South	624,478	620,942	0.6	620,038	626,686
Salt Lake	609,094	605,371	0.6	604,548	611,023
Tooele	15,384	15,571	-1.2	15,490	15,663
Mountainland	210,452	212,287	-0.9	207,699	213,422
Summit	20,945	20,514	2.1	21,082	21,192
Utah	182,622	184,726	-1.1	179,760	184,950
Wasatch	6,884	7,047	-2.3	6,858	7,280
Central	24,711	24,641	0.3	24,374	25,332
Juab	3,650	3,826	-4.6	3,468	3,361
Millard	3,960	3,983	-0.6	3,985	4,200
Piute	375	372	0.8	363	373
Sanpete	7,223	7,097	1.8	7,026	7,836
Sevier	8,295	8,182	1.4	8,308	8,309
Wayne	1,209	1,181	2.4	1,223	1,253
Southwestern	76,841	78,060	-1.6	76,973	78,935
Beaver	2,098	2,047	2.5	2,063	2,195
Garfield	2,759	2,721	1.4	2,767	2,765
Iron	15,744	15,883	-0.9	15,779	16,555
Kane	3,460	3,499	-1.1	3,448	3,576
Washington	52,781	53,910	-2.1	52,916	53,843
Uintah Basin	23,731	22,367	6.1	23,498	24,328
Daggett	590	581	1.5	609	603
Duchesne	8,434	7,523	12.1	8,286	8,519
Uintah	14,707	14,263	3.1	14,603	15,206
Southeastern	22,803	22,706	0.4	22,733	23,393
Carbon	9,316	9,242	0.8	9,226	9,552
Emery	3,981	4,003	-0.6	3,935	3,955
Grand	5,104	5,081	0.5	5,229	5,281
San Juan	4,403	4,380	0.5	4,343	4,605

f = forecast   r = revised but not final.
Note: Numbers have been left unrounded for convenience rather than to denote accuracy.
Source: Utah Department of Workforce Services, Workforce Information, 9/16/08